



*Quality is Our Bottom Line*

**Insurance and Real Estate Committee Public Hearing  
March 7, 2019**

**Connecticut Association of Health Plans  
Testimony in Opposition to:**

**HB 7267 AN ACT CONCERNING PUBLIC OPTIONS FOR HEALTH CARE IN  
CONNECTICUT**

**SB 134 AN ACT OPENING THE STATE EMPLOYEE HEALTH PLAN TO  
SMALL BUSINESS EMPLOYEES**

On behalf of the Connecticut Association of Health Plans and our member plans including Aetna, Anthem, Cigna, ConnectiCare, Harvard Pilgrim, and United, I write to express the Association's serious concern with HB 7267 and SB 134. While we share the goal of reducing costs, we believe it should be done by building upon the progress already made in Connecticut, not by starting over. Everyone in the state deserves access to quality, affordable, health care coverage, but these proposals, in addition to several others before the legislature and this committee, forge a path to single-payer health care that will likely limit people's choices while increasing taxes and ballooning the state budget.

When we refer to a "public option," we include proposals to open up the State Employee or State Partnership Plan, as HB 7267 and SB 134 do, as well as proposals to create a HUSKY Buy-In, and/or any other state government-run subsidized proposal that competes with the private market. While we appreciate the growing frustration with health insurance costs, the unintended negative consequences associated with public option proposals far outweigh their benefits.

It's important to understand that the vast majority of today's premium dollar goes directly to supporting reimbursement of physician, hospital, and other treatment providers. Without changing the underlying cost structure of reimbursement, which will require reducing provider payments, subsidizing those costs, or both, the cost of health care coverage will continue to rise. Unless such reductions are done strategically, downward pressure on provider rates for one sector of insured will simply increase costs for another sector going forward. This dynamic is known as a cost shift and it is a well-documented phenomenon within market pricing. It is *crucial* to have a complete understanding and deliberative evaluation of the underlying healthcare cost drivers and unintended cost implications associated with drastic market disruption prior to moving forward with any public option type proposal.

For example, subsidized programs can result in adverse selection (when poorer risk groups with higher health costs enter a particular program while healthier groups with lower costs abstain), continually driving a need to increase the subsidy; a cost ultimately borne by taxpayers -- both citizens and businesses.

A significant cost shift, combined with a continually shrinking commercial risk pool, will destabilize the current commercial market, potentially leading to its collapse eliminating choice in the market that is important to business and individuals alike.

We urge state policymakers to work with all the stakeholders - carriers, providers, businesses, advocates, regulators and the Exchange, to address today's cost drivers while promoting policies that support value based health care. Millions of people rely on employer-sponsored health insurance and they want to keep their coverage. When the free market and public programs work together, we can bring costs down for everyone.

Thank you for your consideration.